

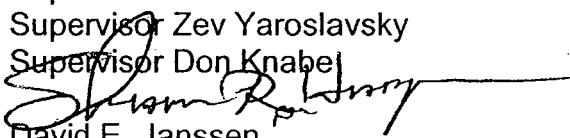


County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

May 26, 2006

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
From: 
David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

SACRAMENTO UPDATE

State Budget

The Budget Conference Committee is scheduled to begin its deliberations on Wednesday, May 31, 2006. The conferees have not been officially appointed yet.

Assembly Budget Subcommittee Actions

On May 23, 2006, Assembly Budget Subcommittee No. 1 reconvened to complete consideration of several items before submitting its recommendations to the full Budget Committee. The Subcommittee addressed the following issues of interest to the County:

CalWORKs. Voted 3 to 1 to conform to the action taken by Senate Budget Subcommittee No. 3 on May 18, 2006 to adopt the Senate Plan for Response to TANF Reauthorization. The plan proposes to restore \$150 million in Federal Temporary Assistance for Needy Families (TANF) funds back into the CalWORKs Program, and reprioritizes \$158 million in existing CalWORKs funds to improve work participation rates, engage families in work activities faster, prevent sanctions for non-compliance, expand education and training, and provide supportive services. The California State Association of Counties (CSAC), the County Welfare Directors Association, and others spoke in support of the proposed plan. Cliff Allenby, Director of the California Department of Social Services, however, cautioned the Subcommittee that this proposal

would increase General Fund costs because restoration of the \$150 million in the CalWORKs Program requires the State to backfill funding for the Foster Care and Child Welfare Services.

Child Welfare Services and Foster Care. Voted unanimously to conform to the action taken by Senate Budget Subcommittee No. 3 to adopt trailer bill and budget bill language to:

- Provide \$50 million to meet minimum caseload standards recommended under SB 2030;
- Allocate an additional \$3 million, above the \$2.1 million included in the May Revision, to expand Dependency Drug Courts to eight additional counties, including Los Angeles;
- Provide \$8 million to fund a specialized care rate increment in the KinGAP Program to ensure parity with the Foster Care Program, and to extend eligibility for KinGAP assistance to probation youth;
- Allocate an additional \$4 million to help increase the number of adoptions of hard-to-place foster children;
- Allocate \$5.7 million to fully fund all eligible applicants who apply for the Chafee Grant Program which provides scholarships to former foster youth;
- Allocate an additional \$4 million for the Transitional Housing Placement Program which provides housing assistance to emancipating foster youth and to eliminate counties share of cost in the program; and
- Approve \$35.5 million included in the May Revision to implement the Title IV-E waiver in 20 counties, including Los Angeles, and to add provisions which allow flexibility to use \$10 million for either waiver-related activities or for outcome improvements.

In addition, the Subcommittee adopted budget trailer bill language to appropriate an additional \$8.2 million to expand educational support for Foster Youth Services. Of this amount, \$7.5 million would be used for foster youth and \$640,000 to expand education services to probation youth. Since the Senate did not take any action on this issue, this item will be addressed as part of the Budget Conference Committee deliberations.

Child Support. Voted 3 to 1 to appropriate \$4 million from the General Fund and to adopt trailer bill language to pilot the Child Support Enhancement Fund which would provide counties with additional local assistance funds linked to improved county performance. This additional State appropriation would help draw down \$12 million in Federal funds. The Child Support Services Department estimates that Los Angeles County would receive approximately \$2.5 million. Since the Senate did not take any action on this issue, this item will be addressed as part of the Budget Conference Committee deliberations.

Supplemental Security Income/State Supplementary Payment (SI/SSP) COLA. Voted 3 to 1 to adopt trailer bill language to provide the Federal SSI COLA effective January 1, 2007. The Governor's Budget proposed to withhold the Federal COLA until July 1, 2008. In January 2006, the full Senate Budget Committee rejected the Governor's proposal. The May Revision withdraws the Governor's January proposal and allows for the COLA effective April 1, 2007. Since the action taken by the Assembly and the Senate differ, this item will be addressed as part of the Budget Conference Committee deliberations.

Public Guardian Costs. Voted 3 to 1 to appropriate \$5 million, to adopt trailer bill language to improve conservatorship, and to adopt budget bill language to ensure that existing county public guardian costs are not supplanted if pending legislation, **AB 1363 (Jones)**, the Omnibus Conservatorship and Guardianship Reform Act of 2006, is enacted. The action taken by the Subcommittee was to address concerns raised by the California State Association of Public Administrators, Public Guardians, and Public Conservators that counties would incur additional costs to implement the provisions of AB 1363. As reported to your Board on February 3, 2006, AB 1363 would strengthen State oversight of conservators and guardians. As amended on March 21, 2006, AB 1363 does not provide funding for the additional responsibilities that would be assumed by the Office of the Public Guardian. My office has been working with CSAC, the County Department of Mental Health and the Office of the Public Guardian, and the California State Association of Public Administrators, Public Guardians, and Public Conservators to address this issue. Since the Senate did not take any action on this issue, this item will be addressed as part of the Budget Conference Committee deliberations.

State Mandates. The Budget Subcommittees in each House acted differently to reimburse mandated costs to counties and other local governments. Senate Budget Subcommittee No. 4 approved \$145.9 million for mandate payments, while Assembly Subcommittee No. 4 approved a total of \$240 million. The Governor had requested \$265.9 million in the May Revision. These actions will move the issue to the Joint Budget Conference Committee.

Pursuit of Position on Budget Item Related to Proposition 42

Earlier this week, Senate Budget Subcommittee No. 4 on State Administration, General Government, Judicial, and Transportation took action to cut the Proposition 42 early repayment in half to \$460 million, which would also reduce the local streets and roads portion from \$255 million to \$127.5 million. Assembly Budget Subcommittee No.5 on Information Technology and Transportation voted to fully fund the Governor's proposed \$920 million appropriation but with the caveat that a portion of those funds (\$122 million) would be used to repay the Public Transportation Account. Therefore, this issue will have to be resolved in the Conference Committee.

The Department of Public Works (DPW) advises that any reduction in the amount of early repayment of Proposition 42 funds would further delay projects that have already been postponed either because of storm damage repair work necessitated by the 2005 Winter rainstorms or the suspension of Proposition 42 funding for FY 2003-04 and FY 2004-05. DPW indicates that it is ready to proceed on a number of projects that primarily involve pavement rehabilitation at a cost of anywhere from one sixth to one fourth of the cost of full pavement reconstruction. Thus, any reduction in Proposition 42 funding for FY 2006-07 will potentially multiply project costs by a factor of 4 to 6.

Therefore, DPW is recommending support for full repayment of \$920 million in Proposition 42 funds for FY 2006-07 including \$255 million for local streets and roads, and we concur. Accordingly, DPW has prepared the attached list of 10 proposed Proposition 42 projects totaling approximately \$25.4 million that could be completed if the State provides the full \$920 million. Support is consistent with Board policy in favor of direct allocation of funds to local governments for the preservation of local streets and roads, without reducing other transportation funds or impacting other agencies. **Therefore, our Sacramento advocates will support the full repayment of the \$920 million including \$255 million for local streets and roads in Conference Committee.**

Pursuit of County Position on Legislation

AB 3050 (Committee on Judiciary), as amended on May 9, 2006, would change the way liability related to flood control projects is apportioned between the State and local governments. Specifically, AB 3050 would decrease the State's liability by requiring any local public entity to compensate the State for actions contributing, or whose failure to act contributes, to the failure of a flood control project when that failure causes property damage or personal injury and a judgment has been entered against the State. The bill would subject a local public entity to joint liability and the State's right of compensation to the extent that the local public entity increases the amount of property damage sustained in a flood by approving new development in a previously undeveloped area, defined as open space land or land devoted to agricultural use. AB 3050 is in response to a court decision (*Paterno v. California*, 2003) which indicated that the State may be held liable for any failure of Northern California levies even though the State did not initially build them.

The Department of Public Works (DPW) indicates that AB 3050 would make the Los Angeles County Flood Control District (LACFCD) and other local flood control districts liable for lack of additional improvements to existing flood control projects for which they are severely short of funds and that LACFCD might unfairly be held liable for damage from failed flood control projects where they have applied to the State for improvement permits and the State will not or has not approved the permits. DPW indicates that the bill could unfairly open the County to liability for flood damage that is

caused by the failure of Caltrans flood control improvements that ultimately empty into County flood control projects. DPW recommends that the County oppose AB 3050.

County Counsel agrees with DPW's recommendation and points out a number of additional concerns. First, the bill unfairly and inequitably circumvents existing appellate opinions and statutory law in an attempt to shift the risk of liability in flooding cases from the State to local public entities such as the County. Second, AB 3050 ignores the well established line of case law that created the rule of reasonableness for flooding and water damage inverse condemnation cases. In applying the reasonableness standard, the courts consider many factors including balancing the public need for flood control projects against the risks and severity of damages sustained by private landowners. In County Counsel's view, the bill creates a double standard because on the one hand, it does not abolish the rule of reasonableness with respect to the underlying case brought by the damaged property owner. But, on the other hand, it seems to apply the general strict liability standard on non-flood damage cases to the state's cause of action against the local public entity. Thus, the State may be able to recover under an indemnity theory from a local public entity while the property owner cannot - under the same facts.

Third, the bill does not define the word "failure." It is not clear if AB 3050 refers to any failure, a failure tantamount to negligence, or something different. This vagueness leaves the door open for conflicting interpretations and a lack of clarity as to how local municipalities respond should the bill become law. Finally, the bill places local agencies in a situation in which they will be potentially liable to the State if they approve development, and potentially liable to the subdivider if they reject it.

The Department of Regional Planning (DRP) indicates that if AB 3050 becomes law, the County's potential flood damage liability for approving new developments in undeveloped agricultural and open space areas would significantly increase. DRP indicates that AB 3050 could cause the County to become involved in many civil cases against the State and incur related legal costs in efforts to negotiate the extent of the County's financial liability. Moreover, County Counsel indicates that this bill would appear to increase the County's liability whether the new development would actually contribute to the malfunction of a flood control facility, or the development would simply add to the number of properties that are damaged. DRP recommends that the County oppose AB 3050.

Opposition to AB 3050 is consistent with existing policy to oppose legislation which increases the County's liability or that would transfer to the County or to its residents any costs or revenue losses incurred by another jurisdiction. **Therefore, our Sacramento advocates will oppose AB 3050.**

This measure is supported by the Planning and Conservation League, the Sierra Club, and the State Attorney General. AB 3050 is opposed by the California Chamber of Commerce, the California League of Cities, and the California State Association of

Counties. The bill passed the Assembly Appropriations Committee on May 17, 2006 by a vote of 12 to 5, and is currently pending a vote on the Assembly Floor.

Status of County-Interest Legislation

County Supported SB 1206 (Kehoe) Redevelopment. SB 1206 passed off the Senate Appropriations Committee Suspense File on May 25, 2006. As amended on May 9, 2006, SB 1206 refines the definition of "predominantly urbanized" and the conditions which characterize a blighted area. The bill also elevates the burden of proof governing the justification of a project from "substantial" to a "clear and convincing" standard. This is intended to more fairly reflect the gravity of diverting limited property tax revenues from counties and other taxing entities toward the project area.

SB 1206 clarifies the law governing the merger of redevelopment project areas by requiring the redevelopment agency to make a finding that blight remains within one of the project areas, and that the blight could not be eliminated without the merger. SB 1206 would also prohibit the inclusion of non-blighted parcels in a redevelopment project area without substantial justification for their inclusion, and it would require the additional finding that the implementation of the redevelopment plan will improve the physical and economic conditions of blight within the project area. Thus, this last provision codifies the basic purpose of the project, namely eliminating the blight that was the justification for the project. SB 1206 will now move to a vote before the full Senate.

County-supported AB 1799 (Umberg), which would require the State to pay for special elections to fill vacancies in the Legislature or the Congress, was unanimously approved by the Assembly Appropriations Committee, and it now proceeds to the Assembly Floor.

County-supported AB 1979 (Bass), which would waive fees for conducting State criminal background checks for volunteer mentors of foster children, passed the Assembly Floor by a vote of 67 to 0, and it now proceeds to the Senate.

County-supported AB 1982 (Bass), which would extend Kin-Gap program participation to juveniles who are wards of the court, was approved on a unanimous vote by the Assembly Appropriations Committee, and it now proceeds to the Assembly Floor.

We will continue to keep you advised.

DEJ:GK:MAL
DW:JF:JGR:cc

Attachment

PROPOSED PROPOSITION 42 PROJECTS FY 2006-07

SUPV DIST.	PROJECT	COMMUNITY	SCOPE	TOTAL EST. PROJECT COST
1	Dwiggins St, Et Al.	City Terrace	Reconstruct	\$5,145,000
1	Meyer Rd-Carmenita Rd/Hastings Av, Et Al.	South Whittier	Resurface & widen	\$1,540,000
2	Figueroa St, Et Al.	Rosewood	Resurface	\$1,406,000
2	Hawthorne Bl, Et Al.	Lennox/Athens	Resurface & reconstruct	\$4,076,000
3	Mulholland Hwy, Et Al.	Santa Monica Mountains	Resurface, drainage	\$2,153,600
3	Ulmus Dr, Et Al.	Agoura	Reconstruct	\$436,400
4	Gale Av, Et Al.	Hacienda Heights	Resurface & reconstruct	\$3,121,000
5	87th St East @ Avenue T	Little Rock	Widen, install T/S, drainage	\$2,920,000
5	Avenue E-25th St West/Sierra Hwy, Et Al.	Oban	Resurface	\$2,970,000
5	Avenue G-160th St East/210th St East	Northeast Antelope Valley	Resurface	<u>\$1,591,000</u>
				\$25,359,000